March 25, 2021

Electronically Filed

Public Utilities Commission, State of Hawai'i
Kekūanāo'a Building
465 South King Street, Room 103
Honolulu, HI 96813

Re: Docket No. 2021-0024, In the Matter of Public Utilities Commission, Opening a Proceeding to Review Hawaiian Electric's Interconnection Process and Transition Plans for Retirement of Fossil Fuel Power Plants.

Dear Honorable Commissioners:

Blue Planet Foundation and Hawai'i Solar Energy Association (the "Joint Stakeholders"), by and through their counsel Earthjustice, commend the Commission for opening this proceeding to assess Hawaiian Electric's AES coal plant transition plan and provide diligent oversight over the process. The Joint Stakeholders also appreciate this opportunity to submit comments and recommendations. For years, the Joint Stakeholders have worked on broad fronts, including numerous Commission proceedings,[1] to ensure a swift, just, and affordable transition off fossil fuels. The coming closure of the AES coal plant poses not only a pressing challenge, but a historic opportunity. We can boost our clean energy economy and "meaningfully contribute to the State's recovery from the COVID-19 Emergency"[2] by accelerating renewable energy use, spurring economic growth and job creation, and providing benefits to low-and-moderate income customers.[3]

The Joint Stakeholders are fully committed to Hawai'i's clean energy future and agree with the Commission that, with a "can-do attitude," Hawai'i can safely and swiftly end coal use without simply switching to costly oil-based generation. In this spirit, we submit the following recommendations for: (1) leveraging programs to accelerate clean energy adoption, (2) expanding energy efficiency, and (3) streamlining the utility-scale interconnection process to ensure renewable projects come online in a timely manner. The Joint Stakeholders also join in the comments concurrently submitted by the DER Parties and Ulupono Initiative, LLC. The Joint Stakeholders are committed to engaging on these recommendations in this and other related dockets to ensure the necessary course corrections and urgent progress.

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[1] *See, e.g.*, Dkt. Nos. 2015-0389, 2018-0165, 2019-0323.
[2] *See, e.g.*, Order No. 37070, Dkt. No. 2015-0389 (filed April 9, 2020), at 19.
[3] *Id.* at 19-21.

I. LEVERAGE CUSTOMER-CENTRIC PROGRAMS TO ACCELERATE RENEWABLE ENERGY ADOPTION

Simple and easily implementable customer programs are a proven method in Hawai'i for rapidly and dramatically expanding renewable energy capacity. To that end, the Commission should enhance and leverage existing programs, including the Community-Based Renewable Energy ("CBRE") program (Dkt. No. 2015-0389) and distributed energy resources ("DER") programs (Dkt. No. 2019-0323), to fill anticipated near-term capacity and grid needs. In addition to the suggestions below, an introductory list of DER program recommendations are contained in the DER Parties' Comments dated March 25, 2021.

The Joint Stakeholders reiterate that simplifying and streamlining the CBRE program and offering a clear and compelling value proposition for developers and customers will be key to ensuring the program's success. Pursuant to the Commission's instructions,[4] the Joint Stakeholders have been making best efforts to work with Hawaiian Electric on such improvements and will submit more detailed comments in the CBRE docket on April 14, 2021.

Although the Commission did not specifically direct Hawaiian Electric and parties to revisit subscriber credit rates before commencing Phase 2 of the CBRE program, the Joint Stakeholders emphasize that the Commission could boost near-term participation in the CBRE program by setting credit rates high enough to overcome the current inertia and incentivize robust participation. This is particularly critical given the program's more complex structure and greater administrative and marketing challenges and costs, in relation to traditional rooftop solar and utility-scale renewable energy projects.

For Phase 2, Tranche 1 CBRE projects, the Joint Parties urge the Commission to consider (1) setting credit rates at the retail rate or utility energy charge,[5] and (2) establishing cent/kWh adders or other compensation structures for projects with desired attributes, such as the ability to provide grid services to fulfill anticipated shortfalls due to the AES plant's retirement.[6] These changes to the credit structure could be particularly attractive for small Phase 2, Tranche 1 CBRE projects, which may be capable of coming online sooner than larger CBRE projects and

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[4] Order No. 37592, Dkt. No. 2015-0389 (filed January 29, 2021), at 16.

[5] *See* Joint Comments, Dkt. 2015-0389, filed October 26, 2020, at 4-6 & Ex. 1 (illustrating subscriber energy savings under various credit rates); Joint Comments, Dkt. 2015-0389, filed November 13, 2020, at 3-4 & Ex. A (same).

[6] *See, e.g.*, Joint Comments on Implementing Phase 2 of Community-Based Renewable Energy Program, Dkt. No. 2015-0389, filed August 19, 2019, at 4-9 (proposing various credit rate "adders" for CBRE Phase 2).

currently include up to around 36 MW of program capacity on O'ahu (15 MW), Hawai'i (2.5 MW), and Maui (2.5 + 975 kW transferred from Phase 1).[7]

For both Phase 1 and Phase 2 CBRE projects, the Commission should create a clear and simple pathway for all CBRE projects to participate in grid service programs, consistent with the Commission's previously stated goals for the CBRE program.[8]

II. EXPAND ENERGY EFFICIENCY

Expanding and accelerating the deployment of energy efficiency measures could provide win-win opportunities for reducing load in the short term while providing energy savings to ratepayers. As Hawai'i Energy mentioned during the March 24, 2021 DER technical conference in Dkt. No. 2019-0323, valuing energy efficiency fully can increase interest in and adoption of energy efficiency measures in the near term and expand the portfolio of cost-effective energy efficiency options. The Commission should work with Hawai'i Energy to identify and expand opportunities to reduce load through energy efficiency to address shortfalls presented by the AES coal plant's retirement.

III. STREAMLINE THE UTILITY-SCALE INTERCONNECTION PROCESS

To ensure that utility-scale projects come online expeditiously, the interconnection process must be systematically improved. In the CBRE docket, the Joint Stakeholders have presented numerous recommendations to Hawaiian Electric[9] and will submit further comments to the Commission in the CBRE docket on April 14, 2021. A detailed list of recommendations is also contained in Ulupono Initiative, LLC's comments, which we also join and support.

At minimum, the Commission should establish procedures and policies that adequately motivate Hawaiian Electric to bring utility-scale energy projects online as expeditiously and inexpensively as possible. This could be accomplished by: (1) establishing a cost envelope for sharing interconnection cost overages and savings that exceed a certain threshold (e.g., ±25%) of the original cost estimate, (2) appointing an Independent Engineer to oversee the interconnection process and resolve disputes, and (3) setting a deadline by which contracts for

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[7] *See* Order No. 37070, Dkt. No. 2015-0389 (filed April 9, 2020), at 23.

[8] Order No. 37070, at 30 ("The tariff shall also allow small projects to participate in future grid services programs to allow projects with storage to capture new value streams."); Order No. 35137, Dkt. No. 2015-0389 (filed December 22, 2017), at 66 ("The commission also intends to explore leveraging the Grid Services tariff platform . . . such that CBRE facilities could assist in providing, and being compensated for, grid-supportive services.")

[9] *See* Attachment.

CBRE Phase 2, Tranche 1 projects must be executed, while retaining the Commission's ability to impose penalties for delays caused by the utility.[10]

Mahalo nui for your attention to these urgent matters. We look forward to continuing to work with the Commission, Hawaiian Electric, and other stakeholders on these issues.

Very Truly Yours,

/s/ Melissa Miyashiro
MELISSA MIYASHIRO
BLUE PLANET FOUNDATION

/s/ Rocky Mould
ROCKY MOULD
HAWAI'I SOLAR ENERGY ASSOCIATION

/s/ Kylie Wager Cruz
ISAAC H. MORIWAKE
KYLIE WAGER CRUZ
EARTHJUSTICE

Attachment
cc: all docket parties (by electronic mail w/ attch.)

[10] *See, e.g.*, Order No. 37592, Dkt. No. 2015-0389, at 14-15.

Joint Parties' Interconnection Solutions
February 15, 2021

Six "areas for exploration" re: interconnection identified in the Order No. 37592

1. Transparent interconnection timelines
2. Transparent, accurate, and verifiable interconnection cost estimates available to potential CBRE developers early in the development process
3. Mechanisms to measure Hawaiian Electric's performance in meeting established timelines and cost estimates
4. Independent engineer to evaluate proposed interconnection costs and who could provide neutral opinion for why timelines not met
5. Process to settle disputes regarding interconnection costs and timelines
6. Regular training for developers on HECO's interconnection process

What does HECO propose for each of these?

"Parking lot" issues re: interconnection identified in Order No. 37592

1. More comprehensive interconnection reforms
2. Cluster studies
3. A methodology for proactive upgrades in areas with forecasted high penetration of new generation
4. Interruptible export service (e.g., active network management) with tariffs that encourage positive export behavior
5. Coordinating export tariffs with ARD underway

What does HECO propose for each of these?

Area 1: Transparent/Expedited Interconnection Timelines

1. Make clear to what extent CBRE projects are reviewed and approved under Rule 14H, apply ongoing Rule 14H process improvements related to DERs to CBRE projects.
2. For small projects (e.g., < 250 kW), waive interconnection studies for projects sited in locations with available hosting capacity (based on LVMs).
3. For mid-size projects (e.g., 1-3 MW), develop a modular pre-approved basic interconnection and performance design, system impact review and cost estimate.
4. Develop and disclose standard interconnection cost and time schedules with complete assumptions before RFP is issued.
5. Communicate early and regularly with developers to manage costs/expectations.
    a. Conduct early scoping meetings to address interconnection questions.
    b. Identify what items of the scope of work can be done by developer to reduce costs.
    c. Provide developers with a short list of vendors that HECO has worked with in the past and/or understand HECO's system for developers to use for their system parameter assumptions.
6. Allow reasonable increases to project size that may arise in the course of project development, if there is capacity headroom (e.g., during shoulders of the solar day).
7. File a notice with the Commission if/when a step in the interconnection process will be delayed by more than 30 days from previously established timeline. Notice should

include a description of project, reason for delay in process, and near-term actions/pathways to ensure project remains viable/on track for interconnection.

8. Streamline, streamline, streamline (examples):
    a. Streamline the scope, cost, and time of system impact and facilities study IRS to address only what is necessary.
    b. Standardize interconnection facilities requirements as much as possible (e.g., transformers and related breaker and switches) to promote efficiencies and economies of scale in production and procurement.
    c. Simplify communication and reporting requirements to a standard, repeatable minimum essential design.
    d. Simplify inverter performance modeling and testing requirements.
    e. Use generic models for T&D modeling for projects of certain sizes.
    f. Eliminate or streamline system level analyses in the system impact component of the IRS.
    g. Eliminate or streamline need to redo IRSs in response to non-major changes in project capacity; allow discrete, targeted supplements to IRS only as necessary.
9. Grid transparency:
    a. Provide quarterly updates to LVMs; include secondary distribution system and line capacity.
    b. Disclose all LVM/hosting capacity assumptions.
        i. Clarify whether the shoulders of the solar day can be used to export, to optimize the quantity of storage and make informed economic decisions about the benefits of tracking and DC coupling.
        ii. Do not double-count PV + storage in assessing hosting capacity.
    c. Share better data (grid assumptions) with developers to shorten back and forth with utility (usually takes about 6 months).
    d. Develop an "interconnection corridor/opportunity map" that identifies cost to interconnect in certain areas of the islands.

Area 2: Transparent, Accurate, Verifiable Interconnection Cost Estimates

1. Publicly disclose unit costs (e.g., file an Annual Unit Cost Guide in 2021-0024 (Interconnection Docket)), providing component/technology costs (i.e., poles, metering, telemetry requirements) and estimated costs for a variety of project sizes and resource generation (i.e., solar, storage, wind, etc.).
    a. Provide for independent review of unit costs (including labor costs) to ensure the costs are reasonable.
    b. Clarify when and why DTT would be necessary for CBRE projects.
2. Provide developers and/or Commission with an invoice/report on HECO's project management costs related to each project's interconnection process. Alternatively, file a report with the Commission detailing HECO's project management costs for interconnection after each RFP.
3. Allow for a level of cost adjustment to be built into the total project cost (i.e., network upgrades, interconnection facilities, etc.).

Area 3: Performance Mechanisms

1. For small projects (e.g., <250 kW), establish standard interconnection fee or interconnection cost cap (e.g., California commercial NEM projects <1 MW); alternatively, implement cost envelope (described below).
2. Implement cost envelope for interconnection for small and/or large projects (e.g., California and Massachusetts).
    a. Require shareholders/utility to bear interconnection costs that exceed a certain percentage (e.g., 25%) of cost estimate; utility can ratebase cost exceedances only upon a showing of good cause/reasonableness for exceedance.
    b. If actual costs are less than a certain percentage (e.g., 75% of cost estimate), savings go to ratepayers.
    c. (Alternatively, apportion cost overages among developer, utility/shareholders, and ratepayers, in equal proportions or according to a determined percentage).

Area 4: Independent Evaluation of Interconnection Costs and Timelines

1. Independent Engineer to oversee and facilitate process improvements stated above.
    a. Provide input and "second opinion" on standardized unit costs.
    b. Provide recommendations to PUC on necessary decisions and other action items.
    c. Review/preside over disputes re cost, process, time.

Area 5: Dispute Resolution

1. Create dispute resolution process for disputing costs, process, time (oversight by Independent Engineer).
    a. Coordinate with IO to provide recommendations for PUC review and disposition within expedited timeframe.
    b. Gain better understanding of developer rights to dispute any cost overages or utility determinations related to project specific interconnection.
    c. Gain better understanding related to the need for developers to sign a "Hold Harmless Agreement.

Area 6: Developer Training

[HECO working on this?]

The foregoing document was electronically filed with the State of Hawaii Public Utilities Commission's Document Management System (DMS).